

**Corporate Principles of the "K" Line Group:**  
The basic principles of the "K" Line Group as a business organization centering on shipping lie in:

- Diligent efforts for safety in navigation and cargo operations as well as for environmental preservation;
- Sincere response to customer needs by making every possible effort; and
- Contributing to the world's economic growth and stability through continual upgrading of service quality.

**Group Vision:**

- To be trusted and supported by customers in all corners of the world while being able to continue to grow globally with sustainability,
- To build a business base that will be capable of responding to any and all changes in business circumstances, and to continually pursue and practice innovation for survival in the global market,
- To create and provide a workplace where each and every employee can have hopes and aspirations for the future, and can express creativity and display a challenging spirit.

### Efforts Toward Synergy for All and Sustainable Growth

Synergy for All: Mutually beneficial relations

<p><b>Society in general</b> Social contributions, a focus on the environment, governance Building relations of trust through actions as a corporate citizen and contributions to local communities</p>	<p><b>1. Activities to promote environmental protection</b> ○ Preventing global warming ○ Keeping the sea and air clean</p> <p><b>2. Stable safety ship operation administration structure</b> ○ Enhancing safety-management systems and strengthening the land-based support structure ○ Expanding our ship-management structure ○ Hiring and training marine technical personnel</p> <p><b>3. Borderless management through the best and strongest organization</b> ○ Accelerating borderless management through the spread of "K" Line Standards ○ Strengthening overall abilities by bringing together Group knowledge and expertise ○ Dramatic improvements in worker productivity ○ A bright, vibrant workplace ○ Industry-leading competitive strength</p> <p><b>4. Proper allocation of strategic investment and management resources</b> ○ Establishing a stable profitability structure for existing businesses ○ Growing new businesses into revenue-generating ones ○ Advancing investment based on internal financial rules</p> <p><b>5. Improvement of corporate value and complete risk management</b> ○ Enhancing corporate quality and maximizing returns on profits ○ Identifying and responding swiftly to potential risks</p>
<p><b>Customers</b> Provision of safe logistics services Building relations of trust through safe and reliable transportation services</p>	
<p><b>Shareholders</b> Appropriate returns on profits Building relations of trust through stable and appropriate returns on profits and fair and accurate disclosure of information</p>	
<p><b>Business partners</b> Enhancing partnerships Building relations of trust through fair transactions</p>	
<p><b>Employees</b> Rewarding and satisfying work Building relations of trust through enhancing HR development and improving both working conditions and the working environment</p>	


Consolidated financial targets (assumptions: exchange rate of 100 Yen = US\$1, Dubai oil price at US\$100/barrel, fuel-oil price at US\$520/MT)

	(Unit: billion yen)					(Unit: trillion yen)	
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Mid-2010's	100th anniversary
Operating revenues	1,331	1,340	1,450	1,600	1,750	Operating revenues: 2.2	Operating revenues: 3
Ordinary income	125.9	121	135	145	160		
Net income	83	78	85	95	105		
ROA	13%	12%			10% or higher		
Shareholders' equity	355.8	426			680 or higher		
Equity ratio	37%	37%			40% or higher		
DER	93%	100%			85% or lower		
Interest-bearing debt/operating CF	2.3	4.2			3.5 or lower		
Payout ratio	20%	22%			25%		30%

#### Fleet, shipping capacity

	End of FY 2007	Fleet upgrading plan (FY 2008 - FY 2011)	End of FY 2011	Mid-2010's	End of FY 2019
Containership	99	43	132	Approx. 750 vessels	Approx. 900 vessels
Dry bulk carriers	169	65	225		
Car carriers	102	27	106		
LNG carriers	34	15	48		
Oil Tankers	28	13	45		
Heavy lift /offshore carriers	15	13	24		
Coastal/RORO carriers	52	4	60		
<b>Total</b>	<b>499</b>	<b>180</b>	<b>640</b>		

(Approx. 1,180 billion yen)



## Business Strategies

Containership Business	Dry Bulk Carrier Business	Car Carrier Business	Energy Transportation and Tanker Business, Heavy Lift and Offshore Support Business, New Businesses	Logistics Business, Short Sea and Coastal Shipping Business
<p><b>Sustainable business growth and efficient business management</b></p> <ul style="list-style-type: none"> <li>* Responding to globalization of customers' businesses through enhancements to the service network</li> <li>* Enhancing competitive strengths through sustained fleet and terminal improvements</li> <li>* Pursuing safe transportation with a focus on protecting the environment</li> </ul>	<p><b>Top class worldwide with cape-size and post-panamax vessels</b></p> <ul style="list-style-type: none"> <li>* High-quality services suited to diverse customer needs</li> <li>* Growing the customer base through global business expansion</li> <li>* Enhancing a stable profitability structure through mid- to long-term contracts</li> </ul>	<p><b>World-leading transportation quality and full route network</b></p> <ul style="list-style-type: none"> <li>* High-quality services taking the environment and safety into consideration</li> <li>* Global business expansion responding swiftly to customer needs</li> </ul>	<p><b>Top class worldwide with safe transportation</b></p> <ul style="list-style-type: none"> <li>* Aggressive efforts to take on new shipping demand</li> <li>* Pursuing safe and high-quality services</li> </ul>	<p><b>Mobility and high-quality services</b></p> <ul style="list-style-type: none"> <li>* Proposal-based sales that anticipate customer needs</li> <li>* Tailor-made customer-specific services</li> </ul>